



STATE OF WASHINGTON

OFFICE OF THE GOVERNOR

P.O. Box 40002 • Olympia, Washington 98504-0002 • (360) 902-4111 • www.governor.wa.gov

March 31, 2004

To the Honorable Speaker and Members,
The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to sections 5, 11, 13, 15 and 16,
Engrossed Substitute House Bill No. 2460 entitled:

"AN ACT Relating to access to health insurance for small employers and their employees;"

This bill provides changes that redefine the small group health insurance market and requirements related to guaranteed renewal. It also adds factors that may be considered in the development of rates, and provides protections for those individuals not previously protected by health benefit extensions in the Consolidated Omnibus Budget Reconciliation Act (COBRA).

Section 16 would have repealed the requirement that carriers offer conversion health plans to group enrollees who lose coverage in the private insurance market. Under federal Health Insurance Portability and Accountability Act (HIPAA) requirements, conversion health plans must be issued, and must not impose restrictions relating to preexisting conditions. Sections 5, 11, 13, and 15 would have amended related statutes to ensure that they were consistent with the repeal of conversion health plans. At the request of the prime sponsor and Insurance Commissioner, I have vetoed these sections. If these provisions had been repealed, Washington would have been unable to certify that we have a functioning state alternative mechanism that compiles with HIPAA.

For these reasons, I have vetoed sections 5, 11, 13, 15, and 16 of Engrossed Substitute House Bill No. 2460.

With the exception of sections 5, 11, 13, 15, and 16, Engrossed Substitute House Bill No. 2460 is approved.

Respectfully submitted,

Gary Locke
Governor